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C O N F I D E N T I A L MOSCOW 002189

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STATE FOR EEB BYERLY AND COLEMAN,  
EUR/RUS FOR WARLICK AND HOLMAN  
USDOT FOR STREET AND HATLEY  
USDOC FOR 4321/ITA/MAC/EUR/RISA BROUGHER AND BEADLE  
USDOC FOR 3004/CS/ADVOCACY/BLOOM

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SUBJECT: SCENESETTER FOR RUSSIA CIVAIR NEGOTIATIONS

Classified By: Econ MC Quanrud for Reasons 1.4 B and D.

11. (C) Summary. This cable lays out some key U.S.-Russian bilateral aviation issues in preparation for the bilateral Civilian-Aviation Negotiations May 16-17 in Moscow. The Russians have told us they are preparing draft updates to the six annexes to our agreement, which they propose to use as the basis for the talks. However, the promised drafts are not yet ready, and it is entirely likely they will not be ready before May 16. We expect codesharing, new U.S. codeshare destinations, and trans-Pacific flights to be raised in this context. We also anticipate that they will raise the issue of overflight fees for state flights, even though they are aware that these negotiations are not the appropriate forum. Delta Airlines would like attention paid to the customs problems it continues to face at Sheremetyevo, while it and other carriers have suggested that we raise emergency procedures during these talks. End summary.

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CURRENT RUSSIAN CIVAIR CLIMATE  
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12. (C) The past year has been a very difficult one for Russian civil aviation. After several large-scale accidents, President Putin put First Deputy Prime Minister Sergey Ivanov in charge of all civil aviation last summer. Officials at GOR agencies with aviation portfolios (MOT, Federal Air Transport Authority, Federal Authority for Transportation Oversight, Federal Air Navigation Service) were concerned that Ivanov would institute a full-scale reorganization of their institutional structures and hunkered down. Ivanov fired several department heads over the past eight months (leading to Loshchenov's promotion) and now everyone seems a little more at ease about moving forward.

13. (C) Moreover, now more than ever, there is a universal sense that air safety needs to improve and that Russian airlines and airports need to modernize. There have even been calls to elevate aviation to "National Priority Project" status, meaning it could be in line to receive large financial investments from the government. The GOR plans unprecedented support for the 2007 MAKS Air Show in August, in part to improve its aviation image after this past year's disasters. Minister of Transportation Igor Levitin's trip to Washington in January was part of GOR efforts to help boost aviation by building foreign ties. Levitin has said publicly that Aeroflot is "the world's first impression of Russia" and promised to continue to advocate on behalf of the airline.

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NAVIGATION FEES FOR STATE FLIGHTS:  
DESPITE OUR EFFORTS, GOR WILL ASK  
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14. (C) Though we have reiterated to the GOR that the question of air navigation fees for state aircraft is not an appropriate topic for this forum, the Russians will likely raise the issue and may use it as negotiating tactic. This is particularly true given that the head of the Russian delegation for the state flights talks, Mikhail Parnev, is a member of this delegation. Parnev had hoped for follow on talks with State and DOD in Washington in May and has called Post several times asking for dates when his delegation should travel. (NOTE: Parnev's subordinate, Sergei Vasiliev, who is also a member of the GOR state flight delegation (and attended civair talks pre-2005) will also be present. He has been openly belligerent on the issue in meetings with us in the past and will likely get confrontational on the sidelines of this meeting. FAA has had the experience of Vasiliev arguing out-of-turn during official negotiations. End note.)

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PROPOSED NEW RUSSIA AIR ROUTES:  
FLIGHTS VIA ALASKA  
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15. (U) The GOR notified us by diplomatic note of several proposed Russian airline routes to the United States, most of them routed through Alaska to benefit from the special Annex in our agreement. Unofficial translations of the notes have been cabled to the Department, but we repeat here all the proposed round-trip routes we are aware of:

Aeroflot Cargo:

Khabarovsk - Anchorage - New York  
Khabarovsk - Anchorage - Chicago

AirBridgeCargo (formerly Volga-Dnepr):  
Moscow - Amsterdam - Toronto - Atlanta  
Krasnoyarsk - Amsterdam - Toronto - Atlanta  
Moscow - Frankfurt - Toronto - Atlanta  
Krasnoyarsk - Frankfurt - Toronto - Atlanta  
Moscow - Amsterdam - New York  
Krasnoyarsk - Amsterdam - New York  
Moscow - Frankfurt - New York  
Krasnoyarsk - Frankfurt - New York  
Moscow - Amsterdam - Houston  
Krasnoyarsk - Amsterdam - Houston  
Moscow - Frankfurt - Houston  
Krasnoyarsk - Frankfurt - Houston

Dalavia Airlines:  
Khabarovsk - Petropavlovsk-Kamchatskiy - Anchorage  
Magadan - Petropavlovsk-Kamchatskiy - Anchorage

Domodedovo Airlines:  
Moscow - Miami

GasProm Avia:  
Anadyr (Chukotka) - Anchorage

Krasnoyarskiye Airlines (KrasAir):  
Moscow - New York  
Petropavlovsk-Kamchatskiy - Anchorage - Seattle

S7 Airlines (formerly known as Sibir):  
Petropavlovsk-Kamchatskiy - Anchorage

Sakhalin Airlines:  
Yuzhno-Sakhalinsk - Petropavlovsk-Kamchatskiy - Anchorage  
Vladivostok - Petropavlovsk-Kamchatskiy - Anchorage  
Anadyr (Chukotka) - Anchorage

TESIS Airlines:  
Khabarovsk - Anchorage - Miami - Khabarovsk (not round-trip)

Khabarovsk - Anchorage - New York - Khabarovsk (not round-trip)

Transaero Airlines:

Moscow - Miami  
St. Petersburg - New York  
Anadyr (Chukotka) - Anchorage  
Anadyr (Chukotka) - Seattle

Vladivostok Avia:

Vladivostok - Petropavlovsk-Kamchatskiy - Anchorage - Seattle  
Vladivostok - Yuzhno-Sakhalinsk - Anchorage - Seattle  
Petropavlovsk-Kamchatskiy - Anchorage - Seattle  
Yuzhno-Sakhalinsk - Anchorage - Seattle

Yakutia Airlines:

Yakutsk - Petropavlovsk-Kamchatskiy - Anchorage

16. (SBU) These airlines vary considerably on their readiness to submit appropriate paperwork to DOT, FAA, and TSA for clearances on these routes. Some are not even aware they have paperwork to file and, therefore, should not be considered serious applicants as of yet. FAA, TSA, and DOT are considering the possibility of organizing a joint seminar for Russian airlines wishing to start service to the States to explain the procedures needed for full formal application.

17. (C) The fact that so many of these routes go through Alaska is not a coincidence. Not only do the Russians want to benefit from our special Annex on Alaska but the Kremlin has put its weight forward to improving the transportation infrastructure for the Russian Far East. In response to this call, Russian business leader and Governor of Chukotka Roman Abramovich plans to set up two airlines of his own to service connections between Chukotka and Alaska.

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CODESHARING, NEW DESTINATIONS,  
AND PROGRESSIVE CLEARANCE  
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18. (SBU) Aeroflot has taken several steps over the last year in its bid to become an internationally acclaimed airline and sees codesharing with other SkyTeam members as fundamental to its strategy. Aeroflot has complained about the perceived

disparity in codesharing approvals by the U.S. and the EU, with the latter more expeditiously processing applications. Aeroflot has lobbied the Ministry of Transport to pressure the USG to decide on the codeshares, so we expect to be on the agenda. The GOR has not revealed to us its intentions to consider third country codesharing during this round.

19. (SBU) The Russians designated Detroit and Minneapolis as new destinations to be serviced by codesharing. Industry representatives have also expressed interest to us in Atlanta, Houston, Denver, Chicago, Washington, Los Angeles, and San Francisco as new codeshare destinations, but it is not clear if the GOR is ready to designate these cities or if the airlines are really ready to pursue code-share agreements.

110. (SBU) We expect the Russians will raise the issue of progressive clearance for Aeroflot between New York JFK and Washington Dulles at these talks just as Levitin did in January. TSA continues to work with DHS on this and other items discussed during Levitin's trip, such as a bilateral transportation security working group and flight marshals.

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DELTA'S AGENDA REQUESTS  
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111. (SBU) Delta continues to have problems at Moscow's Sheremetyevo Terminal 2 with Customs officials interfering in the hand luggage search before check-in and with airport police shaking down passengers for bribes at the final gate hand-luggage search. Affected passengers have been those who

appear to be from the Caucasus or Central Asia, as well as ethnic Russians and Americans who are perceived to be leaving with large sums of undeclared cash. Delta maintains that Customs searches should not be done at the screening checkpoint and has formally complained to the Ministries of Transport and Interior.

¶12. (SBU) Delta has also been charged three times in Russian courts with import violations due to illegal items being sent in through the U.S. Mail. Per international postal agreements, airlines are not responsible for the contents of packages, especially when they are not allowed to screen the packages first. The charges were eventually dropped, although Delta incurred significant legal expenses in presenting its case. Delta would like the issue to be raised so that the next time an illegal item comes through the mail, Russian Customs will be less likely to press charges.

¶13. (SBU) Finally, Delta Moscow has asked for the USG to consider spelling out customs treatment regarding the importation of aircraft parts and service items in our bilateral agreement. Delta had to cancel a flight and ferry an empty plane back to the States last fall when a replacement antennae took three days to clear Russian customs (an episode that cost Delta approximately \$80,000). Though the company is no longer having phytosanitary trouble importing its service items into Russia for the return trip home, it still has to pay import duties (ranging between 25 and 33 percent) on them, although they arguably never enter the Russian market.

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BILATERAL COOPERATION IN CASE OF AN EMERGENCY  
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¶14. (SBU) U.S. carriers have held crisis management exercises in Russia and are interested in knowing: 1) how overflight passengers without visas would be admitted through immigration to get urgent medical care or, in case of mechanical trouble, how they could transfer to a different plane 2) whether non-Russian doctors on board a flight would be prosecuted for treating ill passengers in Russian airspace or on land; 3) whether the airline would be allowed to fly its "operation center" aircraft to a crash site and how expedited permits for special transmitting equipment can be obtained; 4) whether, in case of a "total loss," expedited visas or visas-upon-arrival could be granted for the /- 100 people the airline would want to send: counselors, technical experts, and crisis managers; and 5) how do answers to all these questions change if the plane went down in a border zone area that requires special security clearance?

¶15. (SBU) Questions 1-4 would also apply to Russian aircraft flying to or over the United States. For this reason, some carriers have informally approached us with the idea of having a bilateral MOU on what each country should do in case an aircraft of one of the other country's carriers had an incident or accident in its territory. They have suggested raising this issue at bilateral consular discussions as well.

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RUSSIAN DELEGATION LIST  
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¶16. (SBU) As of May 10, this is the list of Russian Delegation members. Comments about particular individuals are in parentheses.

RUSSIAN FEDERATION OFFICIALS

- Gennady V. Loshchenov, Head of Delegation - Director General, Department of State Policy in Civil Aviation, Ministry of Transport (attended last year, and should be congratulated for his promotion from Deputy to Director General).

- Irina G. Fedechinka - Head of Air Services Division, Department of State Policy in Civil Aviation, Ministry of Transport (attended 2005 talks, Loshchenov's closest advisor).

- Elena A. Mikheeva - Deputy Head of Air Services Division, Department of State Policy in Civil Aviation, Ministry of Transport (attended 2005 talks, go-to person on Russian side for these negotiations, and a very good contact of Embassy Moscow).

- Yulia V. Volodina - Senior Expert of the International Agreements Division Legal Department, Ministry of Transportation (attended 2005 talks).

- Yulia Grechnushkina - Acting Director of the Air Transport Department, Russian Federal Air Transport Agency (new this year).

- Mikhail Parnev - Director of the Department of International Relations, Russian Federal Air Navigation Authority (new this year, but chaired latest round of state flight talks).

- Sergei E. Vasiliev - Department of International Relations, Russian Federal Air Navigation Authority (did not attend the 2005 civair talks in Washington, but did attend many rounds prior to that one. Member of state flights delegation and generally very difficult to deal with. Not well liked by anyone, including his Russian colleagues).

- Natalia Kirilova - Department of International Relations, Russian Federal Air Navigation Authority (has never attended talks, but a very good contact of Embassy Moscow).

- A. Isaeva - Department of International Relations, Russian Federal Air Navigation Authority (new this year, first name unknown).

- TBD Representative from Russian Ministry of Foreign Affairs (Andrey Veklenko attended last year).

#### INDUSTRY REPRESENTATIVES

- Natalia R. Teimurazova ) Aeroflot, Director for International Relations (new this year, but long-time and good contact of Embassy).

- Kamil Feirafmanov - Aeroflot Cargo (new this year).

- Andrey A. Shumilin - Deputy Director of International Relations of AirBridgeCargo, formerly Volga-Dnepr (attended 2005 talks, good contact of Embassy).

- Yuri A. Malishev - AirBridgeCargo (new this year).

- Natalia Pechinkina - Transaero (new this year).

- TBD Representative of Polet (Alexey E. Ozerov, Vice President, attended last year).

- TBD Representative of KrasAir (Boris M. Abramovich, General Director, attended last year).

- D. Lavrentiev - TESIS (new this year, first name unknown).  
BURNS